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SUBJECT: DOE SECRETARY CHU'S LUNCH WITH CHINESE STATE COUNCILOR LIU
YANDONG

REFTEL: BEIJING 2865

(U) Sensitive but unclassified. Please handle accordingly.

SUMMARY

1. (U) Following the CERC Signing ceremony, State Councilor LIU Yandong hosted a lunch. During lunch, Madam Liu highlighted the importance of U.S.-China cooperation on electric vehicles (EVs) and said she believes that this collaboration has a promising future. U.S. Secretary of Energy Steven Chu also expressed his wish to extend cooperation on clean energy, such as new battery technology, clean coal, and joint efforts to tackle climate change. Both agreed that industry's involvement is key to effective and efficient cooperation. The Clean Energy Research Center (CERC) can serve as a good basis for expanding cooperation, said Liu. Chinese officials who participated in the lunch included: WAN Gang, Minister of Ministry of Science and Technology (MOST), LIU Qi, Deputy Administrator of the National Energy Administration (NEA), ZHANG Shaochun, Vice Minister of Ministry of Finance (MOF), CHEN Xi, Vice Minister of Ministry of Education (MOE), TAN Tieniu, Assistant Party Secretary of the Chinese Academy of Sciences (CAS) as well as

several director general-level officials from MOST, NEA and the Ministry of Housing and Urban and Rural Development (MOHURD). END SUMMARY.

CLEAN ENERGY COOPERATION

12. (U) Madam Liu stated that several cities and provinces across China are enthusiastic about clean energy development. The Chinese government is offering great support to enterprises, research institutes, and universities involved in this development, said Liu. Secretary Chu said he shared the same view and noted that the U.S. government is making efforts to assure companies and enterprises of the importance the government attaches to climate change.

ELECTRIC VEHICLES

13. (U) Madam Liu praised the success of the U.S.-China Electric Vehicle Forum held in late September (REFTEL) and asked Chu whether the U.S. will attach more importance to development of the electric vehicle or the hybrid vehicle. Chu answered that the United States is very serious about EV development, especially as the U.S. has invested a lot of money on battery development and has made significant progress. Madam Liu acknowledged that focusing on EV development is a good way to reduce both nations' dependence on oil.

14. (U) Madam Liu also elaborated that Beijing possesses over 3 million vehicles and that the even-odd number traffic control measure during the Olympics not only helped with the heavy traffic situation, but reduced greenhouse gas emissions. [NOTE: During the

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Olympics, Beijing authorities implemented a system based on the license plate end-number, which ensures a given vehicle will not be driven at least one day a week to reduce pollution associated with Beijing's heavy traffic. This system remains in place. END NOTE.] Minister Wan also mentioned that the government initiated a favorable policy on low-emission vehicles resulting in sales of nearly 11 million low-emission vehicles in China last year. Madam Liu and Secretary Chu agreed that the two nations should enhance cooperation on EV development, and that the scientists from both countries can work together.

15. (SBU) U.S. Department of Energy (DOE) Assistant Secretary (A/S) David Sandalow suggested that DOE outline specific recommendations for EV cooperation within the next two months. DOE noted that it already has plans to invite 10 cities from the U.S. to participate in EV demonstration projects, while China will identify 10 sister cities to be paired with the U.S. cities. Minister Wan also said that both the United States and China already have agreed on how to implement the sister city projects, noting that the EV industry will serve as the main implementing body, while the role of provincial and city governments will also be strengthened.

OTHER AREAS

16. (U) CAS' Tan Tieniu, introduced the agreement that has just been signed between Tsinghua University and MIT, focusing on cultivating talents in the energy field. He also expressed his wish to further enhance student exchange programs between the United States and China.

HUNTSMAN